
ENGROSSED SUBSTITUTE SENATE BILL 6809

State of Washington

60th Legislature

2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Pridemore, McAuliffe, Rockefeller, Eide, Oemig, Hatfield, Regala, Fraser, Brown, Fairley, Tom, Kilmer, Keiser, Franklin, Kauffman, Kline, Rasmussen, Spanel, Jacobsen, and Kohl-Welles)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to providing a tax exemption for working families
2 measured by the federal earned income tax credit; adding new sections
3 to chapter 82.08 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that many Washington
6 families do not earn enough annually to keep pace with increasing
7 health care, child care, and work-related expenses. Because the state
8 relies so heavily on sales tax revenue, families in Washington with the
9 lowest incomes pay proportionately four or five times as much in state
10 taxes as the most affluent households. The legislature finds that
11 higher-income families are able to recover some of the sales and use
12 taxes that they pay to support state and local government through the
13 federal income tax deduction for sales and use taxes, but that lower-
14 income people, who are not able to itemize, receive no benefit.
15 Therefore, it is the intent of the legislature to provide a sales and
16 use tax exemption, in the form of a remittance, to lower-income working
17 families in Washington, and to use the federal earned income tax credit
18 as a proxy for the amount of sales tax paid.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
2 to read as follows:

3 (1) A working families' tax exemption, in the form of a remittance
4 tax due under this chapter and chapter 82.12 RCW, is provided to
5 eligible low-income persons for sales taxes paid under this chapter
6 after January 1, 2008.

7 (2) For purposes of the exemption in this section, an eligible low-
8 income person is:

9 (a) An individual, or an individual and that individual's spouse if
10 they file a federal joint income tax return;

11 (b) Who is eligible for, and is granted, the credit provided in
12 Title 26 U.S.C. Sec. 32; and

13 (c) Who properly files a federal income tax return as a Washington
14 resident, and has been a resident of the state of Washington more than
15 one hundred eighty days of the year for which the exemption is claimed.

16 (3) For remittances made in 2009 and 2010, the working families'
17 tax exemption for the prior year is a retail sales tax exemption equal
18 to the greater of five percent of the credit granted as a result of
19 Title 26 U.S.C. Sec. 32 in the most recent year for which data is
20 available or twenty-five dollars. For 2011 and thereafter, the working
21 families' tax exemption for the prior year is equal to the greater of
22 ten percent of the credit granted as a result of Title 26 U.S.C. Sec.
23 32 in the most recent year for which data is available or fifty
24 dollars.

25 (4) For any fiscal period, the remittance required by this section
26 shall be suspended if the suspension is directed by the state omnibus
27 appropriations act.

28 (5) The working families' tax exemption shall be administered as
29 provided in this subsection.

30 (a) An eligible low-income person claiming an exemption under this
31 section must pay the tax imposed under chapters 82.08, 82.12, and 82.14
32 RCW in the year for which the exemption is claimed. The eligible low-
33 income person may then apply to the department for the remittance as
34 calculated under subsection (3) of this section.

35 (b) Application shall be made to the department in a form and
36 manner determined by the department, but the department must provide
37 alternative filing methods for applicants who do not have access to
38 electronic filing.

1 (c) Application for the exemption remittance under this section
2 must be made in the year following the year for which the federal
3 return was filed, but in no case may any remittance be provided for any
4 period before January 1, 2008. The department may use the best
5 available data to process the exemption remittance. The department
6 shall begin accepting applications October 1, 2009.

7 (d) The department shall review the application and determine
8 eligibility for the working families tax exemption based on information
9 provided by the applicant and through audit and other administrative
10 records, including, when it deems it necessary, verification through
11 internal revenue service data.

12 (e) The department shall remit the exempted amounts to eligible
13 low-income persons who submitted applications. Remittances may be made
14 by electronic funds transfer or other means.

15 (f) The department may, in conjunction with other agencies or
16 organizations, design and implement a public information campaign to
17 inform potentially eligible persons of the existence of and
18 requirements for this exemption.

19 (g) The department may contact persons who appear to be eligible
20 low-income persons as a result of information received from the
21 internal revenue service under such conditions and requirements as the
22 internal revenue service may by law require.

23 (6) The provisions of chapter 82.32 RCW apply to the exemption in
24 this section.

25 (7) The department may adopt rules necessary to implement this
26 section.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08 RCW
28 to read as follows:

29 The department must assess the implementation of the working
30 families' tax exemption in a report to the legislature to identify
31 administrative or resource issues that require legislative action. The
32 department must submit the report to the finance committee of the house
33 of representatives and the ways and means committee of the senate by
34 December 1, 2012.

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